

EXHIBIT 16

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE SOUTHERN DISTRICT OF NEW YORK
3 H. CRISTINA CHEN-OSTER; LISA PARISI;
4 and SHANNA ORLICH,

5 Plaintiffs,

6 - against -

7 GOLDMAN, SACHS & CO. and THE GOLDMAN
8 SACHS GROUP, INC.,

9 Defendants.

10 CASE NO.: 10-cv-06950 (LBS) (JCF)

11 * * * C O N F I D E N T I A L * * *

14 250 Hudson Street

15 New York, New York

16 July 10, 2013

17 9:40 a.m.

19 DEPOSITION of CAROLINE HELLER SBERLOTI,
20 pursuant to 30(b) (6) Notice, before Sophie
21 Nolan, RPR, a Shorthand Reporter and Notary
22 Public within and for the State of New York.

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**DECLARATION OF THEODORE O. ROGERS, JR.
IN OPPOSITION TO PLAINTIFFS' MOTION FOR
CLASS CERTIFICATION**

**EXHIBIT 16 - TRANSCRIPT OF THE DEPOSITION OF CAROLINE HELLER SBERLOTI
DATED JULY 10, 2013
(PAGES 6-17)**

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1 reports presently?

2 A. Yes.

3 Q. How many?

4 A. I have two direct reports.

5 Q. Okay. Who are they?

6 A. Stephanie Morris and Iona Stevens.

7 Q. Have you had any others in the
8 period 2008 through the present, any other
9 direct reports?10 A. I think those have been my direct
11 reports during that period.12 Q. What in your present position are
13 your duties and responsibilities relating to
14 promotions within the Securities Division --

15 MS. SULLIVAN: Objection.

16 Q. -- from vice president to managing
17 director?18 A. I helped facilitate the process for
19 the Securities Division.

20 Q. Meaning what?

21 A. So, there are timelines and
22 procedures that have to get done in order to
23 have people be promoted and we help facilitate
24 those for the Securities Division.

25 Q. And do you have similar duties in

Page 19

Page 21

1 Q. What is her title?

2 A. Global head of HR, global business
3 partner for the Securities Division.4 Q. And you're co-head of the
5 generalist business partners for Securities
6 around the world?

7 A. Yes.

8 Q. Okay. Is there someone who's in
9 charge of America?

10 A. No.

11 Q. And how was what she does different
12 from what you do?

13 MS. SULLIVAN: Objection, vague.

14 Q. Do you know what I mean? It sounds
15 like it's similar titles.16 MS. SULLIVAN: Who are we talking
17 about?

18 MS. GEMAN: Linda Fox.

19 A. So, the generalist function looks
20 after a series of things including promotion
21 compensation. There are other HCM functions
22 like recruiting and training that also run roll
23 into Linda that I don't have responsibility
24 for.

25 Q. Understood. And do you have direct

1 connection with compensation of associates and
2 vice presidents in the Securities Division?3 A. Yes, I help facilitate the process
4 for the -- the compensation process for the
5 Securities Division.6 Q. And I just want to clarify
7 something just to make it explicit. As you saw
8 from the complaint, we are only interested in
9 U.S. employees. And so my questions today are,
10 even if I ask about Securities, which has a
11 global component, I'm interested in U.S.-based
12 associates and vice presidents in the
13 Securities Division, including the predecessor
14 divisions like you mentioned earlier from 2000
15 to the present.

16 A. Okay.

17 Q. Okay, thank you. And to circle
18 back on something, it sounds like the first
19 time you had duties and responsibilities
20 relating to those topics that I just listed was
21 2005?

22 A. Yes.

23 Q. Okay. To prepare for this
24 deposition, what did you do to familiarize
25 yourself with those compensation, performance

Page 22	Page 24
<p>1 review and promotion topics for the time period 2 before 2005?</p> <p>3 MS. SULLIVAN: I'm just going to 4 object to the extent that shes already 5 testified that she met with counsel and 6 anything during those meetings is 7 privileged.</p> <p>8 A. I would say most of my knowledge 9 between the period of 2002 to 2005 comes from 10 the experience I've had during my current 11 capacity and in asking about how we used to do 12 things and understand it. So I feel familiar 13 with those topics despite having become 14 involved in 2005.</p> <p>15 Q. And do you have any knowledge of 16 those topics for the period 2000 through 2002?</p> <p>17 MS. SULLIVAN: Objection, vague.</p> <p>18 A. Again, it would be consistent with 19 my knowledge of sort of 2002 to 2005.</p> <p>20 Q. Okay. Fair enough. I understand 21 you weren't working directly relating to 22 compensation, performance evaluation and 23 promotion, but you do have knowledge of those 24 processes in the Securities Division between 25 2000 and 2005?</p>	<p>1 vague. 2 A. They review the compensation -- 3 sorry. They review the compensation decisions 4 made by the managers and typically discuss the 5 overall environment and business performance of 6 each business unit within the Securities 7 Division.</p> <p>8 Q. And where in the compensation 9 process does the compensation committee discuss 10 the overall environment and business 11 performance of the units?</p> <p>12 A. So, after individual managers 13 within the business units have come up with 14 their initial recommendations, the compensation 15 committee meets to review them.</p> <p>16 Q. And in that context the discussions 17 occur about the business environment?</p> <p>18 A. Yes. To clarify, there are also 19 conversations about the business environment 20 and prior to that, prior to individual 21 recommendations being submitted.</p> <p>22 Q. So let's start with discussions 23 after recommendations are submitted. Are these 24 discussions that the committee members have 25 among themselves or with the managers?</p>
<p>1 A. Yes, more familiar post 2005, but I 2 understand.</p> <p>3 Q. Okay.</p> <p>4 MS. SULLIVAN: Okay. Counsel, the 5 liability period is 2002. I understand 6 your position and I'm sure you understand 7 ours, but I just wanted to make that clear.</p> <p>8 Q. And are you related to the global 9 division head David Heller?</p> <p>10 A. No relation.</p> <p>11 Q. Okay. So I'd like to talk about 12 division-specific committees for a minute. 13 For how long has there been a 14 Securities Division-specific compensation 15 committee?</p> <p>16 A. The entire period.</p> <p>17 Q. Okay. Have the duties and 18 functions of that committee changed materially 19 from the period 2000 to the present?</p> <p>20 MS. SULLIVAN: Objection, vague.</p> <p>21 A. No.</p> <p>22 Q. Can you describe what the 23 Securities Division compensation committee 24 does?</p> <p>25 MS. SULLIVAN: Same objection,</p>	<p>1 Page 23</p> <p>1 MS. SULLIVAN: Objection, vague. 2 A. Can you clarify what you mean? 3 Q. Yes. So after the round one 4 proposals by the managers are submitted, does 5 the compensation committee meet with the 6 managers to discuss the business environment or 7 is it just a meeting among the members of the 8 committee?</p> <p>9 MS. SULLIVAN: Same objection. 10 A. Managers come in to present to the 11 comp. committee.</p> <p>12 Q. Okay. And do these discussions 13 inform round two recommendations?</p> <p>14 A. Sometimes.</p> <p>15 Q. Okay. For what other purpose, if 16 any, are the discussions about the business 17 environment?</p> <p>18 A. To understand the thought process 19 and method by which the managers made their 20 recommendations.</p> <p>21 Q. And is this for the intention of 22 approving or disapproving the recommendations?</p> <p>23 MS. SULLIVAN: Objection, vague. 24 A. No, it's for the intention of 25 discussing and asking for consensus-building</p>

	Page 26		Page 28
1	around decision making.	1	A. The firm at the -- the firm may give additional budget or take budget away from the Securities Division based on aggregate compensation numbers.
2	Q. And does the compensation committee	2	Q. Between the period of 2000 and the
3	have to sign off on individual compensation	3	present, is there any other reason other than
4	recommendations?	4	the firm-wide decision to add or remove from
5	MS. SULLIVAN: Same objection,	5	the budget that round two recommendations are
6	vague.	6	different from round one recommendations?
7	A. Compensation decisions are made by	7	A. If a manager sees individual
8	the managers. The compensation committee will	8	performance has changed, so there may be
9	discuss a handful of folks, but they don't	9	employees who make or lose money during that
10	discuss large numbers of individuals and so	10	window or whose performance has gotten better
11	there's no sign-off process. It's a dialogue	11	or worse.
12	between the managers and the compensation	12	Q. And what is the process for a
13	committee.	13	manager to change a proposal based on
14	Q. But if there's a disagreement	14	individual performance in between the two
15	between managers and the comp. committee, who	15	rounds?
16	has final say over an individual's	16	A. So, when we open round two, we'll
17	compensation?	17	tell managers that they have a window of time
18	MS. SULLIVAN: Objection, vague.	18	to make a change, and the change has to be
19	A. Disagreements are not -- it's	19	within their budget.
20	typically a consensus-driven conversation where	20	Q. So adding to one means taking away
21	folks talk about what the best outcome for the	21	from someone else and vice versa?
22	business is.	22	MS. SULLIVAN: Objection.
23	Q. In connection with individual		
24	recommendations?		
25	A. Or overall budgets given to the		
	Page 27		Page 29
1	business.	1	Q. Unless there's more aggregate money
2	Q. Ultimately does the committee sign	2	given; is that right?
3	off on all the finalized PATC of each	3	A. Yes.
4	individual in the division?	4	Q. So what documents reflect the
5	MS. SULLIVAN: Objection, vague.	5	changes that are performance-based in between
6	A. There's thousands of employees so	6	the first and second rounds?
7	there's no sign off on individual compensation	7	MS. SULLIVAN: Objection, vague.
8	by the committee.	8	A. All of that information is in CRS.
9	Q. Is there sort of a sign off on the	9	Q. And when there's money given by the
10	finalized proposal?	10	firm or money taken a way, is it typically --
11	A. Sign off is not the word I would	11	but for the specific people whose performance
12	use. There was an agreement that we were going	12	has changed between the round periods, is it
13	to submit these as the round one	13	expected that there are pro rata increases or
14	recommendations for the people of the	14	reductions?
15	Securities Division, but there's not a review	15	MS. SULLIVAN: Objection, vague.
16	of each individual person's compensation.	16	Q. Do you understand my question?
17	Q. To whom are the round one	17	A. No.
18	recommendations submitted?	18	Q. Let's just say that everyone was
19	A. They're submitted in the system to	19	going to be paid \$100 and the firm announces
20	the firm-wide comp. team, but that's an	20	that twice as much money is available. Would
21	administrative process.	21	it be the case then that everybody gets \$200 or
22	Q. is there always a round two?	22	some people would get \$300 and some people
23	A. There's typically a round two, yes.	23	would stay at 100?
24	Q. Okay. And then what happens in	24	MS. SULLIVAN: Objection, vague and
25	round two?	25	it's an incomplete hypothetical.

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1 that describe how managers are supposed to make
2 compensation decisions between the round one
3 and round two?

4 MS. SULLIVAN: Objection, vague.

5 A. Managers should make compensation
6 decisions based on individual performance and
7 the performance of the business unit consistent
8 across rounds. There's not a difference
9 between round two and round one.

10 Q. So the governing policies and
11 documents would be the general compensation and
12 performance review documents?

13 MS. SULLIVAN: Objection. You're
14 mischaracterizing her testimony.

15 A. Managers make decisions based on
16 individual performance, firm performance at all
17 points in the compensation process.

18 Q. So there's no difference in the
19 policies between round one and round two?

20 MS. SULLIVAN: Objection, again
21 misstating her testimony.

22 A. Managers don't use different kinds
23 of information to make their assessments in
24 round two than they did in round one.

25 Q. And can compensation proposals be

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<p>1 submitted to the firm without consensus by the 2 compensation committee and the managers? 3 MS. SULLIVAN: Objection, vague. 4 A. Can you clarify what you mean? 5 Q. Yeah, you said before that once 6 there's consensus between the managers and the 7 compensation committee, that the proposals are 8 submitted to the firm; correct? 9 MS. SULLIVAN: Objection, 10 mischaracterizing her testimony. 11 A. The compensation committee meets 12 and then the information is submitted through 13 the CRS system to the firm. 14 Q. All right. Can the information be 15 submitted to the CRS system without the 16 compensation committee first meeting? 17 A. It is actually in the CRS system before they meet, but then any edits that happen before the official firm deadline are also submitted to the system. 18 Q. No, I'm asking a different question 19 which is you said earlier that the compensation 20 committee meets. You described a consensus 21 process and then you described how the 22 information is then sent on to the firm.</p>	<p>1 Q. Sure. Is there any reason that 2 would prompt the compensation committee to look 3 at a particular compensation recommendation in 4 round one? 5 MS. SULLIVAN: Same objection. 6 A. We would look at individuals based 7 on quartile or based on production information 8 to determine that the compensation 9 recommendations looked appropriate. 10 Q. And what guidelines or policies 11 exist to determine what's appropriate? 12 MS. SULLIVAN: Objection, vague. 13 A. The -- can you explain what you 14 mean? 15 Q. Yeah, you just said that you'd look 16 at the quartiling and the performance 17 information to make sure that compensation was 18 appropriate. And what guidelines define what's 19 appropriate, if any? 20 A. The committees, similar to what the managers would also do in their individual business units, would look for any potential, to use your word, outliers. So anyone with a lower quartile and an increase in PATC or people with lower or negative production, so</p>
<p>1 Do you remember that testimony? 2 A. Yes. 3 Q. Okay. Does the compensation 4 committee have to meet before that material is 5 sent to the firm? 6 A. Yes, they meet before it's sent to the firm. 7 Q. And is that consensus process that 8 you described required before the information 9 is sent on? 10 A. The consensus process happens before it's sent on, yes. 11 Q. Okay. So it's not the case where 12 the managers can just send it on without the 13 first meeting of the compensation committee? 14 MS. SULLIVAN: Objection, vague. 15 A. The compensation committee and the 16 managers have a consensus meeting at the 17 committee and then it's submitted. 18 Q. Are there any kick out flags or red 19 flags that would cause the compensation 20 committee at round one to look at an 21 individual's compensation recommendation? 22 MS. SULLIVAN: Objection, vague. 23 A. Can you explain what you mean?</p>	<p>1 things that looked -- 2 Q. Are the outliers listed? Do you 3 know what I mean? Is there a document that 4 says, here are the following reasons why we 5 would take a harder look at a particular 6 recommendation? 7 A. At the compensation committee meeting, there will be some we call them potentially screens for individuals like that. 8 Q. Who creates the screens? 9 A. The business would -- the business leadership would help us identify what screens they were interested in and we -- the Securities HCM would help them run the reports and make them available. 10 Q. What are those reports called? 11 A. There's not necessarily a formal name, but there are comp. reports available at the comp. committee. 12 MS. GEMAN: Have those been 13 produced? 14 MS. SULLIVAN: They've been 15 produced with the sample comp. books that 16 we provided. 17 MS. GEMAN: Those were the hard</p>

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1	copy binders?	1	are a function of the 360 review as distinct
2	MS. SULLIVAN: Yes, they were hard	2	from the manager quartile?
3	copy binders.	3	MS. SULLIVAN: Objection, vague.
4	Q. So if something is an outlier,	4	A. The scores are present so the score
5	what's the process for determining whether that	5	information and the quartile information is
6	outlier is appropriate?	6	present and there are screens run about
7	MS. SULLIVAN: Objection, vague.	7	quartile information.
8	Q. You've described the process by	8	Q. Right. My question was different.
9	which outliers are identified and I'm now	9	Are the screens run about 360 review?
10	asking about the process by which outliers are	10	MS. SULLIVAN: Objection, asked and
11	investigated.	11	answered.
12	A. So, a conversation would happen	12	A. It's all available and you would
13	between the managers and the comp. committee	13	see juxtaposing scores so the opportunity to
14	about how the decision was made.	14	ask the question is there.
15	Q. Okay.	15	Q. No, I'm asking a different
16	A. And a consensus would be reached if	16	question. Is there a specific screen for
17	it -- you know, as to what the appropriate	17	outliers based on anything about the 360 review
18	number was.	18	as distinct from the manager quartile?
19	Q. Are there any documents that	19	A. The 360 review is one of the key
20	reflect that discussion process?	20	factors in determining the manager quartiles.
21	MS. SULLIVAN: Objection, vague.	21	So, the dichotomy may not be important, but a
22	A. All of the changes are recorded in	22	large portion of what drives the manager
23	CRS.	23	quartile is the 360 review.
24	Q. But are there any -- to my	24	Q. I'm asking a different question.
25	understanding, CRS reflects the actual numbers.	25	Is there a screen that flags a
	Page 39		Page 41
1	I'm asking if there's any documents that	1	potential outlier that uses as an input the 360
2	reflects the discussion that contextualizes	2	review?
3	that despite an outlier, the number might stay	3	MS. SULLIVAN: Objection.
4	the same or change?	4	Q. That's a different question from
5	A. There's not a document of the	5	what ultimately goes into the manager quartile.
6	discussion, but there are -- the metrics that	6	MS. SULLIVAN: She's answered the
7	would have played into the discussion are	7	question.
8	available. So, production information, risk	8	A. The HCM team for securities does
9	information, all the business metrics that	9	not produce a report between those two things,
10	would play into that discussion or individual	10	but those two items are available in the
11	performance metrics, that would play into that	11	reports that are visible to the compensation
12	discussion are available.	12	committee and the managers so all of that
13	Q. That raises a good question. You	13	information is available.
14	said that the comp. committee has quartiling	14	Q. Again a different question.
15	information at the -- at its disposal and	15	At any point between 2000 and the
16	production information. By "quartile," do you	16	present, has the 360 review score been one of
17	mean the manager quartiling?	17	the screens that would highlight an outlier?
18	A. They do have quartile information	18	MS. SULLIVAN: Same objection.
19	at their disposal.	19	Q. To your knowledge.
20	Q. Okay. And has manager quartiling	20	MS. SULLIVAN: Asked and answered.
21	been happening in the Securities Division since	21	A. The 360 review is present on the
22	2000, to your knowledge?	22	information that the comp. committee and the
23	A. Since 2002, I feel very comfortable	23	managers are able to review so it can be used
24	saying yes.	24	as a discussion point and a factor.
25	Q. Okay. Are there any screens that	25	Q. Different question. I'm asking

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<p>1 specifically about the yearly screens that 2 isolate outliers. You said earlier that you 3 gave examples of outliers could exist if 4 there's discrepancy between comp. and the 5 quartile or comp. and production information. 6 I'm asking has there ever been a 7 screen indicating an outlier if there's a 8 discrepancy between comp. and the 360 review? 9 MS. SULLIVAN: Objection, asked and 10 answered. We're going through the same 11 thing over and over again. 12 MS. GEMAN: I need to get an answer 13 to my questions. 14 A. So, it's used in a screen and that 15 they're available on the individuals who are in 16 the comp. book and managers are able to 17 review -- managers and the compensation 18 committee are able to review both the 360 19 information side by side with the quartile 20 information. 21 Q. Again, I'm asking about the 22 isolation of outliers. Has the 360 review 23 score ever been on the screen for the isolation 24 of outliers as distinct from overall 25 information being available in the meetings?</p>	Page 43	<p>1 the comp. reports? 2 MS. SULLIVAN: Objection, vague. 3 Q. You know what I mean, to isolate 4 outliers. 5 A. Every page in the comp. reports 6 with individuals listed has their 360 scores so 7 they're on all the comp. reports. 8 Q. Different question. Let me try to 9 ask it again. 10 MS. GEMAN: I don't think these 11 screens have been produced. Carson, you 12 can tell me if they are because then 13 obviously I can just show the witness the 14 document. 15 Q. But I'm interested in the specific 16 circumstances that prompt a flag as a potential 17 outlier and you gave a couple of examples 18 earlier; for example, if the quartile 19 information differs in a certain respect from 20 the proposed compensation. You gave another 21 example of production differing from proposed 22 compensation. 23 I'm asking if there's any other 24 examples in the period from 2002 to the present 25 of a discrepancy that would explicitly flag an</p>
<p>1 MS. SULLIVAN: Again, asked and 2 answered. And I just have to object to the 3 vagueness of the screen and the screen -- 4 whatever you're -- you just said "on the 5 screen." So I'm not clear as to what your 6 definition of "screen" is. 7 MS. GEMAN: Folks, this isn't that 8 complicated. 9 Q. You said there are screens every 10 year that explicitly list situations that 11 isolate outliers. 12 A. So, I said that the business will 13 ask for certain information that they're 14 interested in -- 15 Q. Yes. 16 A. -- related to some comp. reports. 17 In addition to those comp. reports, there are 18 also factors and data that's available on every 19 single person. All of it acts as screens or 20 information or factors or metrics that are used 21 in determining if folks are paid appropriately 22 and if the proper factors have been taken into 23 account. So 360 is available. 24 Q. Let's ask about the comp. reports. 25 At any point have the 360 reviews been part of</p>	Page 44	<p>1 outlier. 2 MS. SULLIVAN: And for the record, 3 counsel, I just want to object that it's 4 asked and answered, but also your use of 5 the word "screen" is vague in that you're 6 assuming that there's some sort of document 7 that is a screen. 8 MS. GEMAN: Well, the witness has 9 testified there's specific -- a list of 10 things that -- 11 MS. SULLIVAN: That's 12 mischaracterizing her testimony. 13 Q. You can answer. 14 A. So, I have not personally been 15 involved in producing a report that compares 16 360 scores to quartiles. However, where I 17 disagree with the characterization of what I'm 18 saying is that on each of the reports that are 19 available where we review compensation 20 information, those items are present and 21 they're available for discussion and managers 22 would look at 360 and quartile next to each 23 other in having a discussion. 24 Q. Have you personally produced a 25 report or know of a report that explicitly</p>

	Page 46	Page 48		
1	compares 360 to comp.? 2 MS. SULLIVAN: Objection, vague. 3 Are you talking about for what process? 4 For -- 5 Q. The same one. You said before you 6 hadn't seen one that explicitly compared 360 to 7 quartile. So I'm just asking the same 8 question. 9 A. To clarify that statement, the 10 pages we looked at have 360 and quartile. So 11 by virtue of the fact that the pages that we 12 look at have 360 and quartile, they're 13 compared. But I have not run a screen 14 personally, screen to use your word, of looking 15 at outliers of quartile versus 360. I 16 personally have not run those. 17 Q. Do you have any knowledge that 18 anyone else has run those? 19 MS. SULLIVAN: Objection, vague. 20 Again, Counsel, just for the record you're 21 discussing this during this process, the 22 compensation meetings? 23 MS. GEMAN: Is that a question? 24 MS. SULLIVAN: Yes. 25 MS. GEMAN: Yes.	1 them in comparison to each other based on them 2 both being on the page. 3 + MS. GEMAN: Move to strike as not 4 being responsive. 5 Counsel, we'd ask for production of 6 comp. reports if we don't already have all 7 of them and also for the documents that 8 reflect the indicators for outliers of the 9 Securities Division compensation committee 10 meetings each year. 11 Q. You may have said this before 12 Ms. Heller, but who creates -- who on the 13 business side creates what the potential 14 outliers are? 15 MS. SULLIVAN: Objection. 16 Q. I know you may have answered this 17 before, but if you could tell me again. 18 MS. SULLIVAN: Objection, vague. 19 Q. You know, who decides on what comp. 20 reports should be run and what materials are in 21 them? 22 A. That would be a discussion we'd 23 have with the chief operating officer, chief 24 financial officer of the Securities Division. 25 Q. Are any comp. reports run typically		
1	MS. SULLIVAN: You need to clarify 2 the question. 3 MS. GEMAN: We've been talking 4 about the duties and functions of the comp. 5 committee. 6 MS. SULLIVAN: I understand, but 7 you have to be specific. 8 Q. And have you personally been 9 involved in producing a report that compares 10 360 scores to compensation? 11 MS. SULLIVAN: Same objection, 12 vague as to time frame. 13 A. The 360 scores and the quartile 14 scores are on the reports that I've been 15 involved in producing, yes. 16 Q. Have you been involved in producing 17 a report that compares 360 to compensation 18 whether or not 360 is also on a report that 19 compares to other things? 20 MS. SULLIVAN: Same objection as to 21 time frame, scope. 22 A. By virtue of 360 and quartile, both 23 being on the page, and the reason I keep 24 reiterating this is because they come up as 25 discussions and there are discussions about	Page 47	1 after round two? We've been discussing about 2 round one. 3 A. Yes, we would produce some comp. 4 reports for round two. 5 Q. Okay. What types of comp. reports 6 are produced for round two? 7 A. Similar to what was produced for 8 round one and if there were any -- yeah, 9 similar to what was produced for round one. 10 Q. Okay. And to your knowledge does 11 the comp. committee look at diversity 12 information in the rounds process? 13 MS. SULLIVAN: Objection, vague. 14 A. Can you clarify what you mean by 15 "diversity"? 16 Q. Sure, sure. Does the committee 17 look at whether there is -- you know, for 18 example more women than men are negatively 19 impacted by the rounds process, for example? 20 MS. SULLIVAN: Objection, vague. 21 A. Can you clarify specifically what 22 you mean? 23 Q. Sure. Does the committee look 24 generally at whether the comp. process is fair 25 to women?	Page 49

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1 you just asked?

2 Q. Sure. Does anybody, to your
3 knowledge, monitor the compensation decisions
4 in the Securities Division to gauge whether
5 women have been treated fairly in the process?

6 MS. SULLIVAN: Same objection.

7 It's vague. It's been asked and answered.

8 A. So, with regard to that specific
9 question, I believe we're talking about a
10 privileged process.11 Q. If you can answer yes or no, go
12 ahead.13 MS. SULLIVAN: You can answer yes
14 or no, but if there's anything else that's
15 regarding a privileged process, we're going
16 to cut it off right there.17 A. So, I believe the Employment Law
18 Group is involved in that process.19 Q. Have you had any involvement
20 personally in that process?21 MS. SULLIVAN: I'm going to
22 instruct the witness not to answer about
23 your involvement with the Employment Law
24 Group.

25 Q. You can answer yes or no.

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1 MS. SULLIVAN: You can answer yes
2 or no and that's it.

3 A. Yes.

4 MS. SULLIVAN: Counsel we've been
5 going for about an hour, so we'd like to
6 take a break.

7 MS. GEMAN: Sure.

8 (Recess taken.)

9 Q. So, to back up a little bit, who in
10 addition to the -- who presently is on the
11 comp. committee by position?12 A. They're the individuals who run the
13 various business units.

14 Q. As well as certain HCM personnel?

15 MS. SULLIVAN: Objection,
16 mischaracterizing her testimony.17 A. The individuals who run the
18 business units sit on the comp. committee. The
19 division heads also sit on the comp. committee.
20 The COO sits on the comp. committee and the
21 CFO. Linda Fox, or whoever the head of HR is,
22 was present and other members of HCM might be
23 in the room for -- as well as the finance team
24 to help, you know, answer questions.

25 Q. But they're not members?

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1 A. No.	2 Q. Okay. Has the composition of who's	1 REDACTED FILED UNDER SEAL
3 on the comp. committee by position as distinct	4 from the individual names changed in the period	2
5 2000 to the present?	6	3
7 A. Can you clarify by position as	8	4
9 distinct from --	10	5
11 Q. Obviously I'm sure there's been	12	6
12 some turnover in actual people, but I'm asking	13	7
13 has it been the case since 2000 that the comp.	14	8
14 committee for Securities consists of the heads	15	9
15 of business units, the division heads, the COO,	16	10
16 the CFO and the head of HCM for the Securities	17	11
17 Division?	18	12
18 A. So --	19	13
19 MS. SULLIVAN: Objection,	20	14
20 mischaracterizing the testimony.	21	15
21 A. There was a period of time that	22	16
22 was -- there was a FICC committee and an	23	17
23 equities committee and actually even after the	24	18
24 divisions came together, there has been periods	25	19
25 of time when there was a FICC committee and an		20
equities committee, not a combined Securities		21
comp. committee but the individuals running the		22
business units would be the people on the		23
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		25
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Page 78	Page 80
<p>1 MS. SULLIVAN: Objection, vague.</p> <p>2 A. So, for traders, production would</p> <p>3 refer to their P&L and for salespeople it would</p> <p>4 refer to sales credits.</p> <p>5 Q. What about for strategists or</p> <p>6 researchers?</p> <p>7 A. Some of those groups don't have any</p> <p>8 production associated with their names.</p> <p>9 Q. And would you say about what --</p> <p>10 about what percent of the Securities Division</p> <p>11 employees at the associate and VP level are</p> <p>12 sales or traders?</p> <p>13 A. Can you clarify what you mean?</p> <p>14 Q. Sure. Of the associate level and</p> <p>15 vice president level employees in the</p> <p>16 Securities Division, about what percent are in</p> <p>17 sales or trading positions as distinct from</p> <p>18 strategy or research positions?</p> <p>19 MS. SULLIVAN: I'm going to object</p> <p>20 as vague and compound.</p> <p>21 A. I'm going to ballpark it, 70</p> <p>22 percent.</p> <p>23 Q. And of the remaining approximately</p> <p>24 30 percent, would you say, how are they</p> <p>25 divided?</p>	<p>1 they've gotten from clients or different</p> <p>2 business metrics like those. We didn't cover</p> <p>3 investing which would be another bucket. So if</p> <p>4 you want to slice a small percentage off the 70</p> <p>5 and put those into investing roles, and those</p> <p>6 people would also have P&L information.</p> <p>7 Q. That's revenue-producing</p> <p>8 information?</p> <p>9 A. Yes.</p> <p>10 Q. Okay. We'll come back to that. Is</p> <p>11 the executive committee, the</p> <p>12 executive/compensation committee, the committee</p> <p>13 that handles promotions from the vice president</p> <p>14 at the MD level?</p> <p>15 MS. SULLIVAN: Objection, vague.</p> <p>16 A. The promotions from vice president</p> <p>17 to MD are not, I guess, handled by a committee.</p> <p>18 Q. Okay.</p> <p>19 A. The -- there's a process.</p> <p>20 Q. Is there any promotions committee?</p> <p>21 A. There's a cross-ruffing team.</p> <p>22 Q. And does the executive committee</p> <p>23 address or have responsibility for the</p> <p>24 performance, the FRS system or the performance</p> <p>25 evaluation?</p>
Page 79	Page 81
<p>1 A. Maybe 20 percent in -- or 15</p> <p>2 percent in strats and 5 percent in prime</p> <p>3 brokerage kind of roles, 5 percent in</p> <p>4 management or administration.</p> <p>5 Q. And for those in prime brokerage</p> <p>6 roles, what's the key performance metric, if</p> <p>7 any?</p> <p>8 A. So some of the -- this is where it</p> <p>9 gets complicated. Some of the prime brokerage</p> <p>10 folks are salespeople, so they would have sales</p> <p>11 credits. Some of them are securities lending</p> <p>12 traders so they would have trading and then a</p> <p>13 smaller subset would fall into groups such as</p> <p>14 capital introductions or other things where</p> <p>15 they wouldn't have a specific P&L metrics.</p> <p>16 Q. Would they have any performance</p> <p>17 metrics?</p> <p>18 A. Everybody has the 360 review and</p> <p>19 the manager quartile and then there would be</p> <p>20 metrics that a business could decide to look</p> <p>21 at. So in terms of -- you know, as an example,</p> <p>22 capital introductions is a business where you</p> <p>23 introduce investors to hedge funds looking to</p> <p>24 raise money. So they would evaluate the</p> <p>25 quality of their relationships or the feedback</p>	<p>1 MS. SULLIVAN: Objection, vague.</p> <p>2 A. HCM facilitates the process of FRS.</p> <p>3 I'm not sure -- can you clarify what you mean</p> <p>4 if they have responsibility for the system?</p> <p>5 Q. Well, I can ask the question a</p> <p>6 different way. Are there any Securities</p> <p>7 Division-specific policies relating to the</p> <p>8 firm-wide review system?</p> <p>9 MS. SULLIVAN: Objection, vague.</p> <p>10 A. So there are nuances, small nuances</p> <p>11 in the FRS system that can vary by division and</p> <p>12 I don't think we'd get those approved at the</p> <p>13 executive committee level. We might discuss</p> <p>14 them with the COO or other business heads to</p> <p>15 get a feeling, but there's not a formal process</p> <p>16 for the executive committee or compensation</p> <p>17 committee to get involved in the system details</p> <p>18 of FRS.</p> <p>19 Q. And even beyond, literally, the</p> <p>20 system like who inputs what and what the</p> <p>21 screens look like or what have you, is the</p> <p>22 executive committee in the Securities Division</p> <p>23 involved in setting policy for performance</p> <p>24 reviews?</p> <p>25 MS. SULLIVAN: Objection, vague.</p>

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1 person's forward or ability to do other things.

2 Q. And has the company conducted any
3 more formalized or systematic studies about the
4 extent to which managers' predictions about
5 potential are borne out?

6 MS. SULLIVAN: Objection, vague.

7 A. So, the success of a manager,
8 right, or an individual unit kind of speaks for
9 itself. If a manager does a good job in
10 identifying high-potential talent, how good a
11 job they're doing as a manager, how good those
12 individuals are doing that they identified as
13 high potential would all demonstrate that a
14 business or a manager or set of managers are
15 doing a good job --

16 Q. I guess --

17 A. -- assessing the right things.

18 Q. Other than things that you
19 considered to speak for themselves, have there
20 been any specific studies, to your knowledge,
21 that Goldman Sachs either firm-wide or at the
22 division level has conducted to look at
23 manager's use of potential as a metric in
24 quartiling?

25 MS. SULLIVAN: Objection, vague and

	Page 106		Page 108
1	asked and answered.	1	and revisit it. If an overall business unit
2	A. Again, I think it --- I do think	2	wasn't as disciplined in thinking about its
3	it sort of speaks for itself that the manager's	3	buckets, it may go back and suggest -- you
4	ability to be a good manager, to identify and	4	know, the leader may go back and suggest that
5	develop talent and to build businesses does	5	they revisit in certain pockets because they
6	speak for itself when those businesses or those	6	weren't as disciplined as in other pockets.
7	individuals are successful, and not always	7	Q. By that you mean they didn't
8	specific analysis, but I think it bears itself	8	properly bucket so you might have 26 percent in
9	out in the performances of those businesses or	9	one?
10	those individuals.	10	A. Exactly.
11	Q. At any point between 2000 and the	11	Q. And so just so I understand though,
12	present, have there been requirements in the	12	what documents, if any, reflect changes in the
13	Securities Division that limit the extent to	13	quartile rank from before the quartiling
14	which a quartile rank can deviate from the 360	14	meeting and after it?
15	review?	15	MS. SULLIVAN: Objection, vague.
16	MS. SULLIVAN: Objection, vague.	16	A. The quartiling document we provide
17	A. So, per our previous conversation,	17	doesn't have quartiles. It's just a list of
18	there are -- that information is all present	18	people have to quartile and what they give back
19	when people are making quartiling or pay	19	to us would have the quartiles.
20	decisions, so they would beg a question. It	20	Q. And so then those quartiles would
21	would be a factor, people would consider it.	21	be input?
22	Q. But have there been any kind of	22	A. Into CRS.
23	formal requirements about the degree to which a	23	Q. And if those quartiles are changed
24	quartile rank can differ from the performance	24	the CRS reflects that?
25	reviews?	25	A. Exactly.
	Page 107		Page 109
1	MS. SULLIVAN: Objection, vague.	1	REDACTED FILED UNDER SEAL
2	A. I'm not aware of any specific	2	
3	guidelines that we put out. I'm aware that	3	
4	those things were available and considered	4	
5	during the time that quartiles were set or pay	5	
6	was set.	6	
7	Q. So after the meeting with the	7	
8	business unit leaders the quartiles are set; is	8	
9	that right? Or, I'm sorry, you said they were	9	
10	set going into the meeting?	10	
11	A. Which meeting?	11	
12	Q. The meeting at which the quartile	12	
13	decisions are discussed, you know, the meetings	13	
14	at which the quartiling files are generated	14	
15	for.	15	
16	A. Sure. They'll decide on a quartile	16	
17	there.	17	
18	Q. Coming out of that meeting?	18	
19	A. Yes.	19	
20	Q. And under what circumstances can	20	
21	the quartile rank be changed?	21	
22	MS. SULLIVAN: Objection, vague.	22	
23	A. So, if a business head disagrees	23	
24	with the assessment of somebody's performance,	24	
25	he or she can discuss it with the manager again	25	

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1 '06.

2 Q. Was there guidance given in this
3 year, 2009, about how managers were to factor
4 in individual performance in making
5 compensation recommendations?

6 MS. SULLIVAN: Objection, vague.

7 A. The guidance about making and
8 factoring in individual performance is
9 consistent every single year. It should always
10 be factored in and, you know, firm performance,
11 business performance, individual performance,
12 are always factors.13 Q. Okay. So the reference to "no
14 specific guidance is limited to the business
15 allocation" --16 A. **Guidance in the context of this
17 e-mail means allocation. We won't give you a
18 dollar amount.**19 Q. And other than the fact that in, I
20 guess at least one year, there was no business
21 amount given, can you think of other changes to
22 the round one compensation recommendations
23 between 2000 and 2012?

24 MS. SULLIVAN: Objection, vague.

25 A. What kind of differences?

1 A. I honestly don't -- I don't recall
2 for each individual year. Most often there are
3 allocations given by business unit. So most
4 often it would not be bottoms up. I hear this
5 is pretty unusual, but there may have been
6 other occasions when it was bottoms up.7 Q. Was it sort of an experiment to see
8 if it worked?9 A. I think in the case of 2009, given
10 the very strong performance of the firm and the
11 robust competitive market environment they
12 thought there would be a lot of information
13 value in hearing from managers what they felt
14 they needed to pay their people.15 Q. Do you know for years '10, '11 and
16 '12 were they bottom up exercises?17 A. '10, '11 and '12 were all business
18 allocations dollar amounts given to all
19 businesses.20 Q. And I assume 2008 was an allocation
21 year?

22 A. Yes.

23 Q. Do you remember about 2007 and
24 2006?

25 A. I don't specifically recall '07 and

1 Q. You know, differences in inputs,
2 for example. Differences in how managers were
3 to make compensation recommendations.4 A. So, the firm performance, business
5 unit performance, individual performance has
6 always been consistent. Business metric and
7 individual metric have always been the
8 important inputs and that's consistent.9 Q. And before the formalization in
10 2011 or so, what documents, if any, in the
11 Securities Division set forth the performance
12 metrics?

13 MS. SULLIVAN: Objection, vague.

14 A. Could you clarify what you mean?

15 Q. Well, you just used -- business
16 metric and individual metric have always been
17 important inputs and that's consistent. So can
18 you clarify what you mean by "individual
19 metric"?20 A. So, the quartile and the review
21 data has always been available to the managers
22 and the business information, production
23 information, et cetera has always been
24 available to the managers.

25 Q. So what do you mean by "business

Page 130		Page 132
1	information has always been available to the	1 REDACTED FILED UNDER SEAL
2	managers"?	2
3	A. Production information by	3
4	individual as well as business information	4
5	about how a business performs, so how a	5
6	business unit performed over a business cycle,	6
7	the relevant information you'd use to run a	7
8	business.	8
9	Q. And when you say the business unit	9
10	information was available to the manager, it	10
11	was made available in what form; CRS, was it in	11
12	a separate memo, something else?	12
13	MS. SULLIVAN: Objection, vague and	13
14	asked and answered.	14
15	A. Production information for	15
16	individuals?	16
17	Q. No, I'm talking about the business	17
18	aspect.	18
19	A. So, the business metrics or	19
20	information I was talking about includes	20
21	production information like P&L for an	21
22	individual, that would have been available to	22
23	the managers that is housed in CRS and also the	23
24	franchise managers have it in a host of	24
25	different places.	25
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<p>1 Q. And some of them might be factored 2 into the performance review?</p> <p>3 A. Can you --</p> <p>4 Q. If a manager wants to understand 5 how to quantify difficulty of seat, to use an 6 example we talked about before, what material 7 explain to him or her how to do that?</p> <p>8 MS. SULLIVAN: Objection, vague.</p> <p>9 Q. If you turn to the next page, I'm 10 continuing down the individual metrics.</p> <p>11 A. Yes, sorry.</p> <p>12 Q. That's fine.</p> <p>13 A. So under the "Other Considerations" bucket, there's a comment on difficulty of seat. Managers who make compensation recommendations sit closely -- you know, have an intimate knowledge of what people are working on and intimate understanding of the difficulty of the seat.</p> <p>20 So -- and depending on your role, there would be a number of different factors that would be relevant for difficulty of seat. If you're a salesperson versus a trader versus a strat, the things that made your seat particularly difficult would be different.</p>	<p>1 A. And I guess I'm saying that the assessment of the difficulty of seat is -- depends based on the individual's role and on this document there are a number of metrics that would be relevant depending on your role that would contribute to the difficulty of seat.</p> <p>8 Q. But no separate document that sets forth those metrics specifically?</p> <p>10 A. Not separate from those other things I just described.</p> <p>12 Q. Before 2011, were there any -- does this refresh your recollection as to whether any documents existed before 2011 that formally defined the key metrics?</p> <p>16 MS. SULLIVAN: Objection, vague, asked and answered.</p> <p>18 A. Does what --</p> <p>19 Q. Does this document, which contains definitions of key metrics, refresh your recollection as to whether there were previous documents that contained written definitions of the metrics as were used before 2011?</p> <p>24 A. So, the metrics were documented before 2011. They existed places and they were</p>
<p>1 Q. Are there documents that set forth 2 those different factors and how to weigh them, 3 if you know?</p> <p>4 MS. SULLIVAN: Objection, asked and 5 answered, vague.</p> <p>6 A. All the metrics that are relevant 7 are available. The determination of which ones 8 you would consider would be based on your role 9 or your seat or your manager's understanding of 10 what you worked on that year.</p> <p>11 Q. And do you know if there's any 12 document that sets forth specifically what 13 difficulty of seat is?</p> <p>14 MS. SULLIVAN: Same objection.</p> <p>15 A. I think difficulty of seat is an 16 understood concept. It's not particularly 17 complicated.</p> <p>18 Q. So the answer is you don't know of 19 specific materials that explicitly lay that 20 out?</p> <p>21 A. This is a written material that says it should be -- that it's another consideration.</p> <p>24 Q. No, I'm asking about materials that 25 describe how to assess the difficulty.</p>	<p>1 present at the meetings we discussed where compensation decisions were made. This document memorializes the practice that existed, so the metrics existed and were documented.</p> <p>6 I'm not necessarily familiar with a document that laid out the definitions of the metrics, but the metrics were provided and documented.</p> <p>10 Q. So you'd never seen a document actually defining them until -- until 2011?</p> <p>12 MS. SULLIVAN: Objection, asked and 13 answered.</p> <p>14 A. I may have seen documents where 15 metrics were discussed or included in relation 16 to compensation decisions, but not a list of 17 definitions.</p> <p>18 Q. Okay. And has there been any 19 enhanced monitoring since 2011 to look at how 20 managers are applying these metrics in making 21 compensation decisions?</p> <p>22 MS. SULLIVAN: Objection, vague.</p> <p>23 A. The practice remains consistent and 24 the discussion around the metrics continues to 25 happen. The key difference is it's been</p>

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1 Q. So can people go directly from vice
2 president to PMD?
3 A. No.
4 Q. So talking only then about the
5 promotion from vice president to EMD or MD. So
6 you said it starts when the business unit heads
7 are asked for a list of candidates by HCM?
8 A. Yes.
9 Q. What happens next?
10 A. They'll come back to us -- they'll
11 meet with their manager similar to the process
12 we described with quartiling and with comp.
13 They'll talk to the managers in their business
14 unit and come up with a list of candidates.
15 Q. Are there any limits on how many
16 candidates they're permitted to have on their
17 list?
18 A. So, there's some discussion at the
19 executive committee level where all of these
20 business unit heads will be present, just about
21 being thoughtful and disciplined on how many
22 people you put up and thinking about the
23 percent of your population that should be a
24 managing director, but there's not express
25 limits by business units set.

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1 career development.
2 Q. Can you outline for me at a high
3 level how the promotion process in the
4 Securities Division from vice president to
5 managing director?
6 A. Sure.
7 MS. SULLIVAN: That was a little
8 bit of an incomplete question so I'm just
9 going to object on vagueness.
10 Q. Can you outline for me at a high
11 level the promotion process in the Securities
12 Division from vice president to managing
13 director?
14 A. The business unit heads are asked
15 for a list of candidates. It's kind of the
16 first step.
17 Q. Asked by whom?
18 A. By divisional HCMs, by my team.
19 Q. And in the Securities Division do
20 you have extended managing director or
21 participating managing director?
22 A. So, extended managing directors we
23 refer to as managing directors or EMDs and then
24 partners or participating managing directors
25 are the same thing.

1 Q. And are there written documents
2 that accompany your request to the -- "your"
3 meaning HCMs request to the business unit
4 leaders that contain those guidelines on number
5 of candidates?
6 A. We don't have guidelines on number
7 of candidates.
8 Q. I mean, what you've just outlined
9 about being thoughtful.
10 MS. SULLIVAN: Objection, vague.
11 A. There's no document sent to
12 managers with guidelines on numbers.
13 Q. And the communication for the list
14 of candidates, is that a written communication?
15 A. It may vary, but it could come in
16 the form of writing in asking for names backed
17 by a deadline.
18 Q. And so then you said the business
19 unit leaders meet with the managers to come up
20 with a list of candidates, and then what
21 happens?
22 A. That list of candidates will be
23 submitted to my team, Securities Division HCM.
24 Q. Are there any minimum eligibility
25 requirements for candidates, like for example

	Page 206		Page 208
1	you had to have been a VP for X years?	1	A. Nothing besides what I referenced comes to mind.
2	A. For the Securities Division it's around typically two years is the minimum.	2	Q. Okay. So then what happens?
3	Q. Is that guideline written?	3	A. The executive committee would have a discussion about if the aggregate information looked appropriate for the division. So do we want to be considering more or less candidates overall than last year, does any business unit have more or less candidates than they did the year before, that the percent of managing directors already looked very high in their business unit, did they lose a lot of managing directors or hire a lot of managing directors in the past year and we would also look at gender and diversity in that overlay.
4	A. I don't believe so.	4	Q. So what do you mean by the overlay between gender and diversity?
5	Q. How do you know it's two years?	5	A. Are you just asking what I mean by what I said?
6	A. I've been involved -- just based on my involvement in the process. We look at -- when the names come back, we'd look at VP or look at all of those things and then we'd --	6	Q. Yeah.
7	Q. What other things would you look at -- well, let me rephrase. Are there other minimum qualifications for nomination other than having been a VP for two years?	7	A. We'd look at the number -- the percent of women on the cross-ruffing list and see -- we'd like it to be consistent or increasing over time.
8	A. The other -- there's not minimum requirements. The criteria of things we're interested in are people who demonstrate good, strong commercial productivity, leadership culture and values. We would look at your quartile.	8	Q. So, the steps as you've outlined so
9	Q. That's helpful, but I want to be clear. I'm asking specifically about are there -- other than having been a VP for two years, are there other minimum qualifications?	9	Page 209
10	A. No.	10	far have they been consistent from 2000 to 2012?
11		11	A. I believe so, yes.
12	Q. Okay. So you get your list -- HCM gets the lists from the business units and then what happens?	12	Q. Okay. Will the HCM provide any of its own annotation to the executive committee about the statistics?
13	A. HCM will review the list at an aggregate level and share it with the executive committee at an aggregate level.	13	MS. SULLIVAN: Objection, vague.
14	Q. What do you mean by, at an aggregate level? You'll combine all the lists?	14	Q. In addition to providing the high level stats, do you characterize them or say, you know, hey FYI, we have fewer women than last year as a percentage of overall or anything like that, or more women, whatever?
15	A. We'll combine all the lists into one and we'll share some high level stats.	15	A. It would be evident from the stats and there's a high degree of focus from business leaders on those stats. So I think there's a universal agreement that that's what we're -- you know, we all have the same goal.
16	Q. High level stats about each candidate?	16	Q. Was there -- if you know, how did it come about that the gender information was included in these high level stats along with related statistics about women's participation at the MD level?
17	A. That information might be in the backdrop which would include quartile, but the main stats that they'd be thinking about were aggregate stats. So how many candidates by business unit or how many candidates this year versus last year total for the division and we would also look at gender.	17	A. Can you clarify that?
18	Q. So that information would be provided to the executive committee, the list of names and the high level stats?	18	Q. Yeah, I mean, how did it come about that this gender information was included among
19	A. Yes.	19	
20	Q. Is anything else provided to the executive committee at that point?	20	
21		21	
22		22	
23		23	
24		24	
25		25	

<p>Page 210</p> <p>1 these small number of high level stats provided 2 to the executive committee?</p> <p>3 A. So, I think diversity is a firm 4 business, you know, firm business principle. 5 It's important to the senior leadership of the 6 firm and of the division. So it's a relevant 7 consideration as we try and increase the number 8 of women in leadership.</p> <p>9 Q. Who decided to start including 10 women -- gender information in these high level 11 stats? Do you know, was it the Securities 12 Division or the firm?</p> <p>13 A. I would assume it's the Securities 14 Division because the firm doesn't inform the 15 stats that we prepare.</p> <p>16 Q. And do the documents that HCM 17 presents to the executive committee, you know, 18 the list and the high level stats, do those 19 have a name?</p> <p>20 A. No. I mean it would be the -- no.</p> <p>21 Q. And then what happens?</p> <p>22 A. If the executive committee has any 23 feedback related to the stuff we discussed 24 about too many candidates this year versus last 25 year, not enough, too many by business units,</p>	<p>1 list to the firm. To whom at the firm? 2 A. Within HCM that's a Talent 3 Assessment Group. 4 Q. What happens there? 5 A. The -- if you backtrack a little 6 bit, before we submit -- before we collate and 7 submit the candidate list, the divisions pick a 8 cross-ruffing team in Securities. We have one 9 FICC team and one Equities team. 10 Q. So you pick the teams at the same 11 time that you're gathering the list to send to 12 TAG, Talent Assessment Group? 13 A. Typically we pick the cross-ruffing 14 list before we collate the candidates. Maybe I 15 should have said that first. 16 Q. So the list that you submit to TAG 17 is both a list of candidates and a list of 18 cross-ruffers? 19 A. And I believe we typically submit 20 the cross-ruffers before we submit the 21 candidates. 22 Q. So that the number of candidates -- 23 you put forward every candidate that came out 24 of the second round essentially. The list of 25 candidates doesn't go back to the executive</p>
<p>Page 211</p> <p>1 they'd give that feedback to the business units 2 in the room and they would go back and meet 3 with their business managers and make some 4 changes to the list which would get submitted 5 to us again in HCM.</p> <p>6 Q. And do you know if those 7 discussions within the executive committee 8 about the initial list, are those written?</p> <p>9 A. They're not documented, no.</p> <p>10 Q. So do any documents come out of 11 those meetings?</p> <p>12 A. No, they just look at the documents 13 we provide.</p> <p>14 Q. Okay. And, so, the next thing -- 15 then the business unit leaders meet with their 16 managers and then a new list is provided to 17 HCM?</p> <p>18 A. Yes.</p> <p>19 Q. And then what happens?</p> <p>20 A. Whatever deadline is set by the 21 firm, we'll submit our list of candidates to 22 the firm.</p> <p>23 (Recess taken.)</p> <p>24 Q. When we last left off, you 25 testified that HCM then submitted the candidate</p>	<p>Page 213</p> <p>1 committee? 2 MS. SULLIVAN: Objection, vague. 3 A. They'll see it, but there's usually 4 only one turn. 5 Q. And so the list of -- so the list 6 of candidates are sent to TAG. Previous to 7 that, HCM has sent a cross-ruffing team for 8 FICC and for Equities to TAG? 9 A. And then cross-ruffer list is 10 decided on with HCM and the division heads and 11 the executive committee. So it's an executive 12 decision who the cross-ruffers will be. 13 Q. Is that a separate meeting than the 14 one that lists the list of candidates? 15 A. Yes. 16 Q. Which meeting happens first, the 17 meeting about the candidates or the meeting 18 about the cross-ruffers? 19 A. The meeting about the 20 cross-ruffers. 21 Q. And could you please describe who 22 the cross-ruffers are in terms of their 23 functions? 24 MS. SULLIVAN: Vague. 25 Q. What is the meaning of</p>

	Page 214	Page 216
1	cross-ruffing in the Securities Division? A. It's the process the group of selected cross-ruffers undergo to evaluate the candidates put forth for managing director. Q. The cross-ruffers are those with responsibility for evaluating the candidates for promotion? A. Yes. Q. And what are the criteria to select the cross-ruffers? A. So, in the Securities Division, we consider managing directors or partners. We're typically looking at people who haven't done it in the past two years because it's a big time commitment. You should be high performing and then we look for a diversified mix on the team across region, function, gender, background. Q. And is there someone who has responsibility to put together an initial list of proposed cross-ruffers that gets discussed at those meetings with the executive committee and the business unit leaders? A. HCM, my team, would put together an initial long list. We'd probably -- in that process we'd take suggestions from a lot of	1 cross-ruffing list and the candidate list. 2 What happens then? A. The Securities Division cross-ruffers would begin meeting. The FICC teams and Equities teams meet separately. Q. Does the TAG have any discretion in changing the cross-ruffing list or changing the candidate list? A. I can't think of examples of -- well, TAG doesn't have any discretion. They may share it with the head of HR or other people for the whole firm. I can't think of examples where the candidate list has been changed. They may make additional suggestions to who's on the cross-ruffing team. Q. Do you know based on what criteria they used to make additional suggestions on the cross-ruffing team? A. Typically based on regional or diversity or business representation, so to ensure a diversified representation of people on the cross-ruffing teams. Q. And can you think of specific examples where it's been communicated to Securities by the firm that there should be
1	difference business heads and franchise managers. We'd share the long list with the COO and the division heads and get their reaction. Q. And how many cross-ruffers are there for each division within Securities? A. Somewhere between 10 and 13 between the division. That's global so it would depend on how many people are in the Americas. Q. About how many? A. Six. Q. And do the people in the Americas cross-ruff the U.S. candidates or is it -- A. No, it's a global process. Q. So you'd be cross-ruffed by everybody? MS. SULLIVAN: Objection. Q. In other words, you the candidate for the MD position would -- in the FICC division, would be cross-ruffed by all 13 of those people? A. We typically assign a subset of the candidates to an individual cross-ruffer, but you're not assigned based on your region. Q. So now the TAG has the	1 more gender diversity in the cross-ruffing team? MS. SULLIVAN: Objection, vague. A. I cannot. Q. I assume there's been no communication that there should be less gender diversity? A. I'm certain that that has not been the case. But we -- I can speak from the period 2005 to present, there have been -- we've ensured gender diversity and ethnic diversity on the teams. Q. In the same way that you prepare materials about the candidates for the meeting with the executive committee, does HCM prepare materials about the long list of cross-ruffers for the executive committee? MS. SULLIVAN: Objection, vague. A. We would definitely have a list of people because it's such a short list, I'm not sure how many statistics we would prepare, but they would see a roster of names. Q. Do they see anything other than name? A. They would see region, business

	Page 218	Page 220
1	unit, function MD Q. Title and gender? A. They would know the gender of the individuals. Q. All right. So then you said the cross-ruffer teams meet? A. Yes. Q. And so then what happens then? A. The FICC teams and Equity teams meet separately. We've assigned the captain. Each team has a captain. The captain, in conjunction with HCM, would assign candidates to individuals cross-ruffers. Q. And then what happens? A. The cross-ruffers would conduct interviews on the candidates that are assigned to them with the managing directors and partners that have interaction with that candidate and knowledge of their activities. Q. And they don't interview the candidate him or herself, correct? A. Correct. Q. Are there any guidelines or template questions that the cross-ruffers use in their interviews with the managing directors	1 the Securities Division or the firm-wide? 2 A. There used to be a Securities Division-specific questionnaire. There's now a firm-wide questionnaire, but the detail and nuance you would collect would be really specific to Securities. We also provide for Security specific information on the candidates. 3 Q. Is that information conveyed during 4 the kickoff meeting? A. Or subsequent meetings depending on timing. 5 Q. And, so, when did the firm-wide 6 questionnaire come into effect? A. I want to say 2010, 2011. I'm not sure. 7 MS. GEMAN: Counsel, do you know if 8 you've produced the division specific 9 questionnaire and the firm-wide 10 questionnaire. 11 MS. SULLIVAN: I'd have to check. 12 + MS. GEMAN: We'd ask for the 13 production of those materials if they 14 haven't already been produced. And also 15 for the packet of materials given by HCM to
1	Page 219 and partners who have worked with a candidate? MS. SULLIVAN: Objection, vague. A. The cross-ruffers attend a cross-ruffing best practices workshop and they also use a questionnaire. Q. And the cross-ruffing best practices workshop is the TAG sponsored workshop; correct? A. Correct. We also have a Securities Division, like, kickoff meeting with each team where the captain and HCM would talk about best practices that are more specific to Securities. Q. Are there written documents that are associated with that Securities Division meeting, either materials provided to the attendees or generated by the meeting? A. We would share the questionnaire form and we would -- that would sort of talk about the criteria because they're consistent with the questions you ask. There's some other administrative stuff that we'd help with, like I think we have a guide for how your assistant should schedule your meetings, things along those lines. Q. And who makes the questionnaire,	1 the executive committee in connection with 2 the candidates? 3 MS. SULLIVAN: I don't know that 4 there was testimony on a packet of 5 materials, but I can look back at the 6 transcript. 7 MS. GEMAN: Yeah. I mean, there 8 was a discussion of names plus high level 9 statistics. 10 Q. Do you have a flavor for what -- 11 how long is the questionnaire? A. I believe it's two pages. 13 Q. Are the cross-ruffers given any 14 training about interviewing techniques? A. They're told things like the information you discuss is confidential. You should be probing. Much of that would be discussed at the cross-ruffing best practices workshop. Q. Is that attended by people across divisions? A. Yes. Q. Okay. And then what happens? So there's the kickoff meeting, the cross-ruffers are given the questionnaire and either at that

Page 222		Page 224
1	meeting or subsequent meeting they're given	1 REDACTED FILED UNDER SEAL
2	production information. What other information	2
3	are the cross-ruffers given about the	3
4	candidates?	4
5	A. They're given their quartile and	5
6	their 360 review for the past two years.	6
7	Q. And over what period of time is	7
8	production information given?	8
9	A. I believe they're given the prior	9
10	year and year-to-date for that year.	10
11	Q. Okay. And what about comp.	11
12	information?	12
13	A. No comp. information.	13
14	Q. For the employees -- for the vice	14
15	presidents in the Securities Division who don't	15
16	have production information like the strats, is	16
17	anything given in its place?	17
18	A. We also give a role description as	18
19	collected from the manager and some managers	19
20	may include in that role description discussion	20
21	about their contribution to the -- their	21
22	contribution to the P&L of the given unit.	22
23	Q. But there's no metric or	23
24	productivity metric automatically given like	24
25	desk performance or something?	25
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251 **make a recommendation of where they would draw**
2 **the line.**3 Q. So what criteria informs where they
4 would draw the line; is it the business needs
5 of how many MDs or at what level is somebody
6 just not ready?7 MS. SULLIVAN: Objection, vague and
8 compound.

9 Q. Or something else?

10 A. **There would be a number of factors**
11 **that inform their decision. A lot of it would**
12 **be based on the quality of the candidates and**
13 **at what point they thought the line should be**
14 **drawn.**15 Q. And if somebody is passed over one
16 year, are they automatically considered the
17 next or do they have to be renominated?18 A. **They are often reconsidered but**
19 **they would have to be renominated.**20 Q. What information, if any, is the
21 executive office provided about the candidates?22 A. **So the cross-ruffers provide the**
23 **list of candidates ranked 1 through N and then**
24 **they also provide a one-page summary on each**
25 **individual candidate.**

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1 Q. And then what happens?

2 A. **And the cross-ruffing team shared**
3 **their views with the executive office at the**
4 **meeting.**

5 Q. And then who makes the division?

6 A. **The next step in the process is**
7 **that the division heads would meet with the**
8 **executive office -- I guess the -- if I take a**
9 **step back, the cross-ruffing team's information**
10 **is also shared with the Securities Division**
11 **executive committee and the division heads**
12 **within the division.**

13 Q. And then what happens?

14 A. **The executive committee and the**
15 **division heads would think about if there's any**
16 **places where they may have a different view**
17 **from the cross-ruffing team.**

18 Q. Different view on ranking?

19 A. **Ranking or how many candidates they**
20 **would propose promoting or on the ranking.**21 Q. So do the cross-ruffers -- when you
22 say 1 to N, I assume N was the number of people
23 being cross-ruffed?24 A. **Typically they rank them 1 to N and**
25 **they might also -- they're usually asked to**1 Q. You said following the meeting with
2 the executive office, the executive office
3 might have input as to whether there should be
4 fewer candidates or what the right number of
5 promotions there should be?6 MS. SULLIVAN: Objection misstates
7 prior testimony.8 A. I think I said the executive
9 committee. So, the Securities Division heads
10 and executive committee review what the
11 cross-ruffers came up with. That's at the
12 divisional level and they may have a
13 slightly -- they may have some suggested
14 changes or differences from where the
15 cross-ruffing team came out.16 Q. Just to clarify, the cross-ruffers
17 will list people 1 to N and say where the line
18 should be drawn. And then is there a meeting
19 with the executive office of the firm and the
20 division heads?21 A. **The cross-ruffers meet with the**
22 **executive office of the firm.**

23 Q. Yes.

24 A. **Separate from that, the division**
25 **heads and the executive committee of the**

<p>Page 230</p> <p>1 division will review the cross-ruffing findings 2 and may make -- you know, have their own 3 thoughts about what their view would be.</p> <p>4 Q. And then are those communicated to 5 the executive office as well?</p> <p>6 A. Then there's another meeting with 7 the division heads and the executive office at 8 which they'd look at the cross-ruffing rankings 9 and the division head's potential tweaks.</p> <p>10 Q. And then what happens?</p> <p>11 A. Then a consensus is drawn as to 12 where they would -- who they would promote.</p> <p>13 Q. And who has final decision making 14 authority over where to draw the line? I 15 understand they try to reach a consensus, 16 but --</p> <p>17 MS. SULLIVAN: Objection, vague.</p> <p>18 A. So, the -- typically the division 19 heads would have the best view on the right 20 business decision for their division and they 21 would communicate that to the executive office.</p> <p>22 Q. And does the executive office 23 typically follow the suggestion of the division 24 heads?</p> <p>25 A. They typically follow the</p>	<p>1 A. Changes to which part of the 2 process?</p> <p>3 Q. Any of those processes.</p> <p>4 A. So, there was a candidate 5 collection tool that used to be used years ago. 6 I couldn't tell you what year we stopped using 7 it. There was a web-based tool where all 8 managing directors could enter candidates. We 9 found that to be a pretty cumbersome, 10 inefficient process and our managing directors 11 weren't so tech savvy. So a lot of them didn't 12 use the web-based tool at the time.</p> <p>13 So we switched to divisional HCM 14 team collecting the nominations. That would be 15 another substantive administration change.</p> <p>16 Q. It went from having the MDs collect 17 the nominations to the HCM collecting the 18 nominations?</p> <p>19 A. And -- it went from MDs entering 20 nominations into a website.</p> <p>21 Q. I see.</p> <p>22 A. The same process had still happened 23 after that where HCM looked at the nominations, 24 collected nominations from the business heads, 25 collated the list. All of that still happened,</p>
<p>Page 231</p> <p>1 suggestion. There may be instances in which 2 they raise other thoughts.</p> <p>3 Q. Do the division heads submit their 4 own rankings?</p> <p>5 A. Yes. It's called the division head 6 list, but that is typically a cross-ruffer list 7 with a handful of changes.</p> <p>8 Q. Okay. So they're sort of edits or 9 tweaks to the cross-ruffer list as their own 10 list?</p> <p>11 A. Yes.</p> <p>12 Q. And the division heads, is that the 13 COO and the CFO?</p> <p>14 A. No, the actual division heads.</p> <p>15 Q. Okay. And then the executive 16 office you said typically follows the division 17 head's suggestion, and then the process is 18 done, the candidates are announced?</p> <p>19 A. Yes.</p> <p>20 Q. That process you just described you 21 mentioned one change in 2010 was there was -- 22 went from being a Securities questionnaire to a 23 firm-wide questionnaire. Have there been any 24 other changes to that process between 2000 and 25 2012?</p>	<p>1 it's just that there was an initial process 2 whereby MDs could enter names into a website. 3 That yielded not a robust set of nominations 4 and people -- it was really ad hoc who used the 5 system so we stopped using it.</p> <p>6 Q. So what happened in its place?</p> <p>7 A. The managing directors have 8 conversations with their business unit heads to 9 submit names at a meeting.</p> <p>10 Q. And I mean there's a couple of 11 changes there, right? One is that whether it 12 went to a web or to the business unit head. 13 But does the business unit head have 14 substantive input?</p> <p>15 MS. SULLIVAN: Objection, vague.</p> <p>16 A. That was consistent before and 17 after.</p> <p>18 Q. I see, okay. So it was still the 19 case before that the MDs would still meet with 20 the business unit heads to discuss the 21 candidates, the difference is that rather than 22 having the MDs also enter the names into a 23 web-based system, they would communicate them 24 to the business unit leaders who would in turn 25 communicate them to the HCM?</p>

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1 **A. Yes. So, the business unit heads**
 2 **still met with the MDs, still collated the**
 3 **list. They'll submit it to HCM. There was**
 4 **just that other system.**

5 Q. It's a nonsubstantive change?

6 **A. Yes.**

7 Q. Any other change in the process
 8 that you can think of?

9 **A. None that come to mind.**

10 Q. And do you know if there's any
 11 reviewing or monitoring of the nomination
 12 process to make sure that the -- I understand
 13 that when the names are submitted there's an
 14 examination of the regional and diversity
 15 considerations. Is there any examination of
 16 the people who aren't nominated?

17 MS. SULLIVAN: Objection, vague.

18 **A. Can you clarify what you mean?**

19 Q. Yeah, does anybody in the
 20 Securities Division or, to your knowledge, at
 21 the firm do any monitoring of the promotions
 22 process to see if people are getting repeatedly
 23 passed over?

24 **A. So, if there were folks that we**
 25 **discussed in any of our career development**

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1 **forms or pipeline discussions that weren't**
 2 **nominated, HCM or the business heads could**
 3 **probe as to why. So, I've done some of that**
 4 **probing myself.**

5 **And, similarly, employees who feel**
 6 **that they've been passed over for some reason,**
 7 **similar with any other issues that they have,**
 8 **they can raise issues or concerns to HCM.**

9 Q. And for how long has it been the
 10 case that HCM has been using pipeline and other
 11 data to make suggestions or raise questions
 12 about why some people may not have been
 13 nominated?

14 **A. I would think the whole period.**

15 Q. Okay. And do you have -- has HCM,
 16 someone in HCM, had discussions like that every
 17 year?

18 **A. I would think so.**

19 Q. Do you know, have those discussions
 20 always resulted in the person getting nominated
 21 who originally had not been nominated?

22 **A. It depends on the situation. I**
 23 **would say often when I've had the conversation,**
 24 **a manager would typically have a very good**
 25 **reason as to why a person was not included.**

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1 but are some candidates cross-ruffed in-depth
2 versus given a so-called quick pass?
3 MS. SULLIVAN: Objection, vague.

4 A. Cross-ruffing is a pretty thorough
5 process. I can't think of any examples where
6 anybody was given a quick pass. Candidates
7 should be -- there should be serious
8 consideration paid to anyone who's on that
9 list.

10 That may vary from division to
11 division, but in secures if you're on that list
12 you're getting cross-ruffed thoroughly.

13 (Recess taken.)

14 Q. I want to make sure the record is
15 clear of executive office versus executive
16 committee. I believe you testified that there
17 are -- that the cross-ruffers present to the
18 executive office and then at a similar time the
19 cross-ruffers present to the executive
20 committee of the Securities Division?

21 A. Yes.

22 Q. Okay. And then there's a
23 subsequent meeting with the executive office?

24 A. **A subsequent meeting with the
25 executive office and the division heads.**

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1 Q. And the division heads, okay. And
2 that's the final meeting?

3 A. **Yes.**

4 Q. I'm not sure I understood which
5 list of candidates is reviewed at that final
6 meeting. Is it the list that the division
7 heads have edited of the ranked candidates or
8 the original ranking list?

9 A. **Both.**

10 Q. They have both lists?

11 A. **Both lists.**

12 Q. Okay. And --

13 A. **And the executive office had
14 already seen the cross-ruffing list anyway when
15 the cross-ruffers come to meet with them.**

16 Q. Right.

17 A. **But present at the meeting with the
18 division head are both lists.**

19 Q. And who has final decision making
20 authority on number of slots; was it the
21 division heads or the executive office?

22 A. **Similar to the other processes
23 we've discussed, there's a consensus building
24 about the business and the need across the
25 firm, across the -- you know.**

	Page 242	Page 244
1	Q. Absent ability to reach consensus, 2 who was the -- if you know, who was the final 3 say? 4 MS. SULLIVAN: Objection, vague. 5 A. The executive office will largely 6 agree with the division head list. If there 7 are any tweaks or changes, it would be very 8 really minor. They tend to revolve then around 9 more firm-wide issues outside the division 10 heads' scopes. So that might be based on 11 region, things like that. 12 Q. When you say they tend to revolve 13 then around more firm-wide issues, the "they" 14 is the executive office or the changes? 15 A. The "they," the issues that would 16 make a change from the division head list. 17 Q. And the division head list includes 18 not only the ranking, but the number of slots? 19 A. Yes. 20 Q. Okay. And who are the division 21 heads presently for Securities? 22 A. Isabel Ealet. 23 Q. I beg your pardon, I mean division 24 heads for the U.S. Securities. 25 A. So we don't have any U.S. division	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
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**DECLARATION OF THEODORE O. ROGERS, JR.
IN OPPOSITION TO PLAINTIFFS' MOTION FOR
CLASS CERTIFICATION**

**EXHIBIT 16 - TRANSCRIPT OF THE DEPOSITION OF CAROLINE HELLER SBERLOTI
DATED JULY 10, 2013
(PAGES 246-258)**

FILED UNDER SEAL